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ABSTRACT

This component of the Department of Education's (ED) 17-module self-instructional course in student financial aid administration (designed to teach novice financial aid administrators and other institutional personnel about the management of federal financial aid programs authorized by Title IV of the Higher Education Act) is a support booklet providing reference materials for the course and guidelines for study beyond the course. It contains compiled versions of the acronyms, glossaries, references, bibliography and index sections of the 17 course modules. Guidelines for further study include continued self-instruction, formal training sessions and individualized technical assistance (sponsored by the ED Office of Student Financial Assistance), professional association membership (such as the National Association of Student Financial Aid Administrators and National Association of College and University Business Officers), and informal networking among aid administrators. (SM)

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A Self-Instructional Course in Student Financial Aid Administration

An Introduction and Guide to the Administration of Federal Title IV Student Financial Aid Programs

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HE 022198

A Self-Instructional Course in Student Financial Aid Administration

United States Department of Education
Office of Student Financial Assistance

Support Booklet

A Self-Instructional Course in
Student Financial Aid Administration

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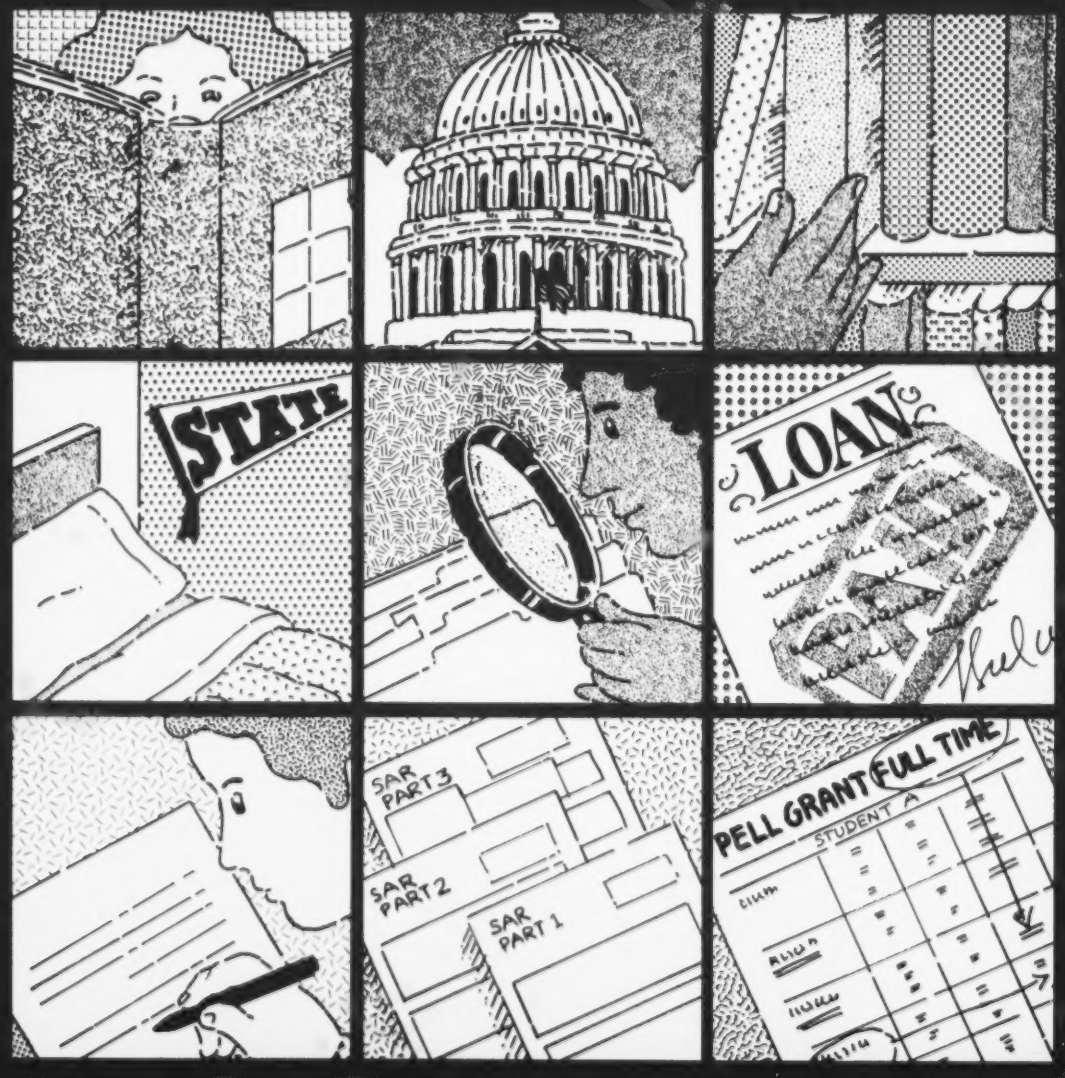

This publication is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course consists of the following modules:

1. Student Financial Aid Administration: Course Study Guide and Introduction to the Field
2. Federal Student Financial Aid: History and Current Sources
3. The Legislative and Regulatory Processes
4. Roles and Responsibilities of the Financial Aid Office
5. Title IV Institutional and Program Eligibility
6. General Student Eligibility
7. Calculating Cost of Attendance
8. Need Analysis
9. Award Packaging
10. The Pell Grant Program
11. The Stafford Loan, SLS, and PLUS Programs
12. Campus-Based Programs: SEOG, CWS, and Perkins Loan
13. Verification
14. Authorization, Fiscal Operations, and Reporting
15. Internal Aid Office Management and Institutional Quality Control
16. Forms and Publications
17. Evaluation of Student Aid Management: Self-Evaluation, Audit, and Program Review

The course includes a Support Booklet with the complete course glossary, acronyms, key resources, bibliography, and index, as well as addresses of publishers mentioned in the course. The Support Booklet also offers guidelines for further study.

UNITED STATES DEPARTMENT OF EDUCATION

WASHINGTON D.C. 20202

October 1988

Dear Colleague:

We are pleased to present the Second Edition of A Self-Instructional Course in Student Financial Aid Administration. This updated version of the course originally published in 1986 incorporates provisions of the Higher Education Amendments of 1986, with 1987 Technical Amendments and subsequent amendments.

The purpose of the course remains the same. It is designed to provide neophyte financial aid administrators (those with two years or less experience in student aid) and other institutional personnel with a systematic introduction to management of federal financial aid programs authorized by Title IV of the Higher Education Act. Students of the course will gain a fundamental understanding of the roles and responsibilities of participating institutions and of student aid administrators. On completion of the course, they will be prepared to expand this knowledge with the use of training and reference materials, on-site training opportunities, and contacts with other members of the profession.

The materials were revised under a contract with the Washington Consulting Group. The text was reviewed for technical accuracy by many staff members of the Office of Student Financial Assistance (OSFA). Special acknowledgement is due to both project staff and OSFA specialists for accomplishing very wide-ranging modifications of the text during a period when much legislative and regulatory activity affecting student aid was in progress.

Your comments and suggestions regarding any aspect of the materials are welcome. OSFA is particularly interested in learning 1) the level of experience and job responsibilities of personnel at your institution using the modules; 2) the purposes for which they are being used (for example, self-study, training new staff, reference); and 3) whether you feel that this publication is among those that OSFA should continue to update and disseminate annually. You may send your comments to the Training Branch, OSFA/ED, 400 Maryland Avenue S.W., Washington, D.C. 20202.

Sincerely,

Dewey L. Newman
Deputy Assistant Secretary for
Student Financial Assistance

Daniel R. Lau
Director, Student Financial
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Enclosure

The following non-OSFA participants contributed to the development of this Second Edition of the course:

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SUPPORT BOOKLET

for

A SELF-INSTRUCTIONAL COURSE IN STUDENT FINANCIAL AID ADMINISTRATION

The technical information in this module is based on laws, regulations, policies, and procedures in effect as of:

August 20, 1988

This is one component of *A Self-Instructional Course in Student Financial Aid Administration*. This Second Edition of the course has been prepared by The Washington Consulting Group, Inc., under a contract with the U.S. Department of Education.

The course consists of 17 modules and a support booklet. It provides an introduction and guide to the administration of student financial aid programs authorized under Title IV of the Higher Education Act of 1965, as amended. The titles of the modules are listed on the inside front cover of this publication.

Institutions may freely reproduce the course for their own use. For more information on the course, contact one of the Department of Education offices listed on the inside back cover of this publication.

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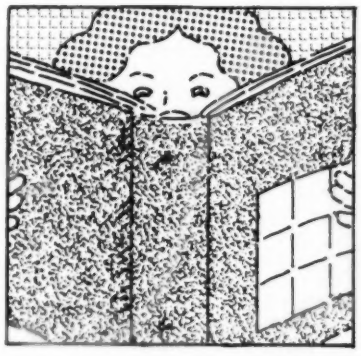
PURPOSE OF THE SUPPORT BOOKLET

This booklet is intended to provide handy reference materials for the *Second Edition* of the course and guidelines for study beyond the course. For example, if you want to check the definition of a particular term, it is not necessary to try to find the module and glossary where it was introduced. Instead, check the Course Glossary in this booklet. It contains an alphabetical compilation of all terms listed in the separate glossaries of the 17 modules. (The old Module 11 has been eliminated from this version of the course, since the Alternate Disbursement System is no longer in use, so 17 modules remain.) In a similar manner, this booklet also contains compiled versions of the Acronyms, Key Resources, Bibliography, and Index sections of all the course modules for easy reference.

To Readers Who Are Just Starting this Course

Welcome to student financial aid! We suggest that you turn to Module 1 and begin by reading the first main section, which describes how to use this *Second Edition* of the course. Module 1 includes the following:

- a description of the main sections found in each module
- recommended study paths through the course for learners with different needs and responsibilities
- a tracking chart to help you keep track of your progress through the course
- an explanation of how to make effective use of the pre- and post-tests
- the margin symbols used throughout the course
- an important word of caution on the course



To Readers Who Have Completed the Course

Well done! We must emphasize, however, that this was an introductory course. It could not cover every topic in full detail, nor provide examples and case studies covering every situation. That is the reason for the Guidelines For Further Study section of this booklet. It will point the way to *expanding* your knowledge and abilities in the highly technical and complex field of student financial aid.

We will welcome your comments on the course, descriptions of your experiences in using the modules at your institution, and suggestions on ways in which the materials might be improved. If you wish to comment on the course, please write to the Training Branch, OSFA, U.S. Department of Education, 400 Maryland Avenue, S.W., Washington, D.C. 20202.

GUIDELINES FOR FURTHER STUDY

These guidelines are intended for readers who have completed the course and are now seeking further ways of expanding their skills and knowledge of student financial aid. Many of you will be "neophytes" with less than two years' experience in financial aid administration. Other readers may be administrators such as business officers who need a basic understanding of the field.

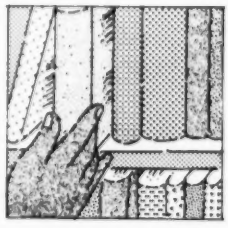
Having completed the course, you should remember that it was designed to provide an introductory overview, and should *not* be considered either a complete reference guide or your sole source of training. You will need to seek specialized training which applies to your institution's programs, students, calendar, and disbursement system.

How do you obtain further training and information of this kind? We recommend the following avenues:

- ✧ continued self-instruction through further reading;
- ✧ formal training sessions and individualized technical assistance;
- ✧ membership in professional associations; and
- ✧ informal exchange of information (networking) among aid administrators.

Continued Self-Instruction

Continued self-instruction should include further study of key publications which will provide you with the detailed information necessary to master technical concepts and establish operational procedures for your office. The Department of Education (ED) and professional associations regularly publish materials offering valuable instruction in relevant areas. The financial aid administrator must also continually monitor official correspondence, policy updates, and changing regulations. It is essential to stay informed and alert to change.



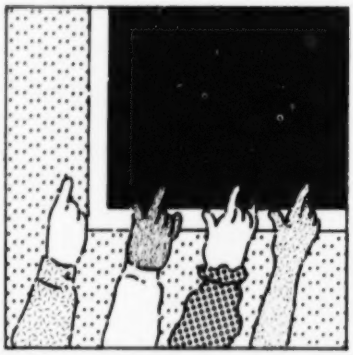
Throughout the modules, you were referred to other publications where more detailed discussions of a particular topic can be found. Each module contains a Key Resources and Bibliography section which guides you in the development of your office's reference library. Some particularly important resources include:

- ✧ Title IV regulations sent to participating institutions by the Department of Education;
- ✧ correspondence from the Department of Education, including "Dear Colleague" letters, Pell Grant Action Letters, and Questions and Answers ("Q & As");

- ✧ publications of the Department of Education's Office of Student Financial Assistance on specific topics, such as:
  - The 1988-89 *Verification Guide;*
  - *The Pell Grant Formula, 1988-89;* and
  - *The Congressional Methodology, 1988-89.*

- ✧ publications covering the entire scope of aid management, such as:
  - The *Federal Student Financial Aid Handbook;*
  - NASFAA's *Encyclopedia of Student Financial Aid;* and
  - NATTS' *Student Financial Aid Tool Kit.*

Formal Training Sessions and Individualized Technical Assistance

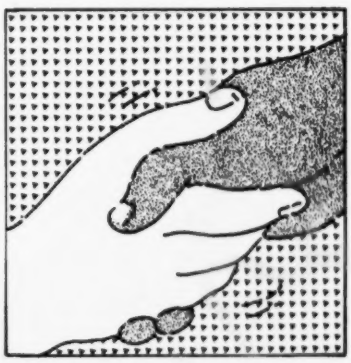


Formal training sessions in student aid administration are sponsored by ED's Office of Student Financial Assistance (OSFA), need analysis servicers, and state, regional, and national professional associations. They may take the form of informational updates, presentations focused on specific problem areas, or intensive training programs in overall student aid management.

The Department of Education notifies participating institutions regarding federally sponsored training programs, and publishes a calendar of training workshops sponsored by professional associations. Intensive training programs are offered annually by national, state, and regional associations, and periodically by some major accrediting agencies, by guarantee agencies, and by need analysis services. Professional association conferences also provide updates and training sessions.

Remember also that the Department of Education's regional offices can provide answers to your technical questions. A listing of those offices, with contact addresses and telephone numbers, is provided on the inside back cover of each module and this booklet. Financial aid administrators should telephone or write the regional office for technical assistance.

Professional Association Membership



In addition to formal training sessions, professional associations produce other training materials and professional aids for their members. These include newsletters, research journals, and student aid management publications. Some major associations which produce student financial aid-related materials include:

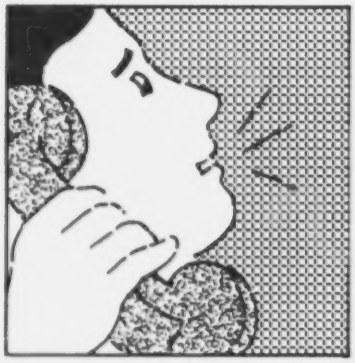
- ✧ The National Association of Student Financial Aid Administrators (NASFAA)

- The National Association of Trade and Technical Schools (NATTS)
- The National Association of College and University Business Officers (NACUBO)
- The Association of Independent Colleges and Schools (AICS)
- The National Association of Accredited Cosmetology Schools (NAACS)
- The National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS)
- The National Home Study Council (NHSC)

Brief information on these professional associations, together with contact addresses and telephone numbers, is given in Section 4.26 (see Module 4).

Informal Networking Among Aid Administrators

The sharing of information among professional colleagues in the financial aid field constitutes another common avenue for training. Through informal networks of this type, aid administrators exchange information and suggested management approaches in areas of mutual interest and concern. Contacts between neophytes and experienced aid administrators are particularly useful. The community of financial aid administrators is a useful source of support, guidance, and assistance to newcomers to the profession.



ability to benefit

An admissions standard for a person who is admitted to an eligible institution (unless the institution is a public or private nonprofit institution of higher education that participates only in the Stafford, SLS, and PLUS programs); does not have a high school diploma or GED; and is beyond the age of compulsory school attendance in the state where the institution is located (unless the person is admitted to a vocational school, in which case he or she must have completed or left elementary or secondary education). A student who is admitted on the basis of ability to benefit must (a) receive a GED by graduation or by the end of the first year of study, whichever is earlier; or (b) be counseled prior to admission; or (c) take a nationally recognized, standardized or industry-developed aptitude test that has been developed according to the standards of an appropriate accrediting agency. (If students fail the test, they must enroll in and successfully complete a remedial program prescribed by the institution that does not exceed the equivalent of one academic year.) An institution must document its determinations of ability to benefit. For further information on these standards, contact your ED regional office.

academic year

(a) A period of time in which a full-time student is expected to complete at least the equivalent of 2 semesters, 2 trimesters, or 3 quarters at an institution measuring in credits and using a semester, trimester, or quarter system; (b) 24 semester hours or 36 quarter hours at an institution using credit hours and not using a semester, trimester, or quarter system; (c) at least 900 clock hours at an institution using clock hours.

acceptable documentation

When referring to verification, or when decisions are made regarding student data, acceptable documentation means written documents which substantiate the information reported on a student aid application, such as the U.S. income tax return, and signed statements from the applicant and the applicant's family. Federal regulations list documents which are acceptable proof of the accuracy of applicant data.

accredited institution

Any institution or school which meets standards established by a nationally recognized accrediting agency or association.

accrediting agency

An agency that sets educational standards, evaluates institutions, and certifies that institutions have met their standards. (See **nationally recognized accrediting agency.**)

adjusted gross income (AGI)

An income figure taken from the federal income tax form that has been filed in compliance with IRS regulations and guidelines.

adjustments

The financial aid administrator has statutory authority to make adjustments to a student's cost of attendance (COA) and EFC (FC and SAI). If the data used in calculating the COA and EFC are accurate, but the COA or EFC does not reflect the student's current circumstances, the aid administrator may determine that adjustments are necessary. Adjustments in the Pell Grant and CM need analysis formulas may be made to the *data elements*, the *methodology*, or directly to the *product or end result* . Adjustments may increase or decrease a student's COA or EFC. The reasons for any adjustment must relate to the student's special circumstances and must be documented.

administrative cost allowance

A payment made to an institution or guarantee agency for the purpose of offsetting the cost of administering Title IV programs.

allocation policy

A prioritized list, established by the institution, which states the order of refunds to financial aid program accounts due to a student's withdrawal, expulsion, or dropping out during the refund period.

allowances

Financial modifications included in need analysis formulas to provide for a family's non-discretionary expenses or to shelter assets or income for retirement or emergency purposes. In establishing students' costs of attendance, allowances are reasonable amounts allotted by the institution to reflect most students' financial circumstances.

Alternate Disbursement System (ADS)

This was a distribution system for Pell Grant funds under which eligible students received their award payments directly from ED. The Alternate Disbursement System is no longer in use.

appeal process

The process by which a student requests further consideration in the financial aid process.

Application for Federal Student Aid (AFSA)

A free financial aid application, provided by the Department of Education, which gathers data to determine both Pell Grant eligibility and expected family contribution using the Congressional Methodology.

appropriation

A legislative act authorizing the expenditure of a specific amount of public funds for a specific purpose. The dollar amount appropriated may not necessarily be the total amount permissible under the authorizing statute. An appropriation bill originates in the House of Representatives. General appropriations acts are supposed to be approved by both houses of Congress by the seventh day after the Labor Day before the start of the fiscal year to which they apply, but this does not always happen. In addition to general appropriations acts, there are two specialized types. (See **continuing resolution** and **supplemental appropriations**.)

assets	Financial holdings such as cash on hand in checking and savings accounts, trusts, stocks, bonds, other securities, home (if owned), other real estate, business equipment, and business inventory.
audit	An independent examination of financial transactions, accounts, reports, and compliance with applicable laws and regulations to determine how well the institution is maintaining effective control over revenues, expenditures, assets, and liabilities; whether the institution is properly accounting for resources, liabilities, and operations; whether financial reports contain accurate, reliable, and useful financial information and are accurately presented; and whether the institution is complying with applicable laws, regulations, and ED directives. The audit also studies and evaluates the institution's internal accounting and administrative controls as well as the policies, procedures, and practices used in administering student financial assistance programs.
audit exceptions	Those actions found through an audit not to be in compliance with federal guidelines.
audit trail	A *clear audit trail* is the maintenance of required documentation to support each transaction for the receipt and expenditure of federal funds.
authorization (legislative)	A legislative act that establishes a program, specifies its general purpose and conduct, and, unless open-ended, sets a ceiling for the dollar amount that can be used to finance it. Must be enacted (passed by Congress and signed by the President) before an appropriation for the program is passed.
authorization (spending)	The approved level of expenditure for a program for an award year. The Department of Education notifies each participating institution of its tentative and final authorization(s), for each Title IV program in which it participates, for the upcoming award year.
average tuition and fees	The average full-time tuition and fee costs for specific groups of students. Averages for residency-based classifications of students may be developed. For campus-based programs, separate averages may be developed for undergraduate, graduate, and professional students.
award	(n.) A specific amount of financial assistance offered to a student through financial aid programs to pay for educational costs. (v.) To approve financial assistance to students. For example, one function of the aid office is to award campus-based financial aid to students showing documented financial need.
award adjustment or revision	An action by the financial aid office resulting in an increase, decrease, program substitution, or cancellation of a recipient's

	award. This may be necessitated by factors such as a change in the student's dependency status, or a change in the financial circumstances of the family or student.
award letter	Notifies student financial aid applicants that they have qualified for federal financial aid and informs them of the assistance being offered. The award letter usually gives information on the types and amounts of aid offered, as well as specific program information, student responsibilities, and the conditions which govern the award. Generally, the award letter gives students the opportunity to accept or decline the aid offered. Also referred to as award notification.
award packaging	See **packaging**.
award year	The period of time between July 1 of one year and June 30 of the following calendar year.
base year	The 12-month period ending on the December 31st preceding the award year. For example, calendar year 1987 is the base year for the 1988-89 award year.
Basic Educational Opportunity Grant (BEOG)	An undergraduate Title IV grant program, renamed the Pell Grant in 1980.
Batch Report	See **IPS Batch Report**.
bill	Most proposed legislative measures before Congress are in the form of bills and are designated as HR (House of Representatives) or S (Senate), according to the house in which they originate, and by a number assigned in the order in which they were introduced, starting from the beginning of each 2-year congressional term. Public Bills become Public Laws, if approved by the Congress and signed by the President.
billing service	A business organization that services loan accounts (billing and receipting) for lenders. A fee is charged for the service.
board	Cost of food allowance or meal plan.
budget committees	The House and Senate committees that prepare budget resolutions which determine the level of funding for all federal programs. Each respective committee holds hearings and reviews projections from Executive Departments, Office of Management and Budget, and Congressional Budget Office.
budget resolution (as in First and Second Budget Resolution)	The measure which determines the federal budget in total. The First Budget Resolution, generally passed in April or May, sets ceilings or spending targets for all federal programs. Its figures are not binding. The Second Budget Resolution, generally passed in

	August or September, sets the limits of federal budget expenditures for the upcoming fiscal year, which starts on October 1.
business assets	Property that is used in the operation of a trade or business including real estate, inventories, buildings, machinery and other equipment, patents, franchise rights, and copyrights. Considered in determining a family's expected contribution.
business office	The office responsible for financial accounting for an institution, including Title IV program activity. This office disburses award payments to students and student accounts and processes loan checks. It is sometimes referred to as the fiscal office, finance office, comptroller's office, bursar's office, or the student accounts office.
campus-based programs	The term that is applied to three federal Title IV student aid programs administered by eligible institutions of postsecondary education. These programs are the Perkins Loan (formerly National Direct Student Loan), College Work-Study, and Supplemental Educational Opportunity Grant programs.
cancellation of loan	The condition that exists when a borrower has fulfilled specified requirements permitting cancellation of the borrower's obligation to repay a designated portion of the principal and interest.
carry forward/carry back	A special provision of the College Work-Study program which allows an institution to transfer up to 10% of its annual allocation back to the previous award year or forward to the next award year.
cash advance	A transfer of funds from a federal agency (U.S. Treasury or Federal Reserve Bank) to the institution.
Certificate of Citizenship	A document provided by an individual not born in the U.S. which certifies U.S. citizenship.
Certificate of Naturalization	A document provided by an individual not born in the U.S. which certifies naturalized U.S. citizenship.
certified need analysis system	A system which has been certified by ED as capable of accurately calculating EFCs. The May 1988 *Federal Register* contains a list of need analysis systems certified for the 1988-89 award year. If you use one of these systems to calculate an EFC for the campus-based and Stafford Loan programs, you can be sure that the EFC has been calculated in accordance with the statute.
clock hour	The equivalent of *either* a 50- to 60-minute class, lecture, or recitation *or* a 50- to 60-minute faculty-supervised laboratory, shop training, or internship.

clock-hour schools	Institutions which measure academic programs in clock hours (50- or 60-minute class, lecture, or recitation; or 50- or 60-minute faculty-supervised laboratory, shop training, or internship).
Code of Federal Regulations (CFR)	The compilation of all federal regulations and rules of procedure. Regulations relating to Title IV student financial aid appear as 34 CFR.
collection costs	Reasonable costs incurred by the use of a commercial skiptrace agency or collection firm in an attempt to recover loan funds.
collection firm	A business organization that accepts from a lender loan accounts that are in default and attempts to collect on those accounts. A fee is charged for the service.
College Work-Study (CWS)	A federally funded part-time employment program which provides jobs for undergraduate and graduate students who are in need of such earnings to meet a portion of their educational expenses.
co-maker	One of two individuals who are joint borrowers on a loan and who are equally liable for repayment of the loan.
comment period	A period, usually of 45 or 60 days, from the first publication of a Notice of Proposed Rulemaking in the *Federal Register*. During this time, interested parties are invited to submit comments regarding the proposed regulations.
Comments and Responses	A section of a final regulation package published in the *Federal Register* which summarizes comments received from the public regarding proposed regulations. The responses of the Secretary of Education to these comments are also included. (This section may be part of the Preamble, which introduces the final regulations and gives the effective dates and a summary of major provisions of the regulations.)
commuting student	A student not residing in housing provided by the postsecondary institution the student is attending.
conference committee	Members of the House of Representatives and the Senate who meet to reconcile differences between the two houses' versions of a bill. Conference committee members are appointed by the Speaker of the House and the President of the Senate (Vice-President of the United States).
conflicting documentation	Inconsistent information within the institution's records or noted on the Student Aid Report (SAR) which may indicate an error in the information used to calculate the student's expected family contribution or Student Aid Index.

Congressional Methodology (CM)	A statutory methodology established by Congress for use in determining a student's expected family contribution for campus-based and Stafford Loan program purposes (FC). The FC is used in need analysis to determine eligibility for the campus-based and Stafford Loan programs.
continuing resolution	A joint agreement to continue appropriations for specified government agencies at rates generally based on their previous fiscal year's appropriation level, when Congress has not yet enacted an appropriation act for those agencies for the fiscal year in effect. It must pass both houses and be signed by the President.
continuing year (CY) SEOG	This term referred to the second or subsequent SEOG(s) awarded to a student. Formerly, a distinction was made between **initial year (IY)** and **continuing year (CY)** SEOG funds. As a result of the Higher Education Amendments of 1986, institutions receive only one authorized level of SEOG expenditure and are no longer required to make the IY/CY distinction.
contribution from earnings	An expected contribution which is a percentage of a dependent student's base year earnings or a minimum dollar amount the student is expected to contribute.
corrective action	Changes in procedures to improve the quality of a given product or service, e.g. to control error rates. Corrective action also refers to a requirement imposed by an ED official, administrative law judge, or the Secretary to cause an institution to take reasonable and appropriate action to remedy a violation of applicable laws, regulations, special arrangements, agreements, or limitations.
correspondence course or program	A course or program of study completed in written lessons, outside a normal institutional setting. Some correspondence programs require a period of residential training.
cost of attendance (COA)	Those charges and allowances established by the institution that are applicable to students for attendance for one academic year. Generally, the COA includes tuition and fees; allowances for room and board, books, supplies, transportation and miscellaneous expenses, child care, dependent care, and certain handicap-related expenses. There are significant differences between these components in the Pell Grant and campus-based/GSL programs. See Sections 411F and 472 of the Higher Education Act of 1965, as amended, for provisions on establishing institutional costs of attendance. The term *cost of attendance* is often used interchangeably with *cost of education*.
cost of education	See **cost of attendance**. The term *cost of education* is often used interchangeably with *cost of attendance* . Prior to the 1988-89 award year, the Pell Grant program had a specific definition of *cost of education*.

credit-hour program	An academic program that measures progress by completion of courses assigned specific numbers of credit hours.
debt management counseling	Counseling for students on the subject of assuming debt and accumulated indebtedness. It includes a projection of the expected monthly payments and the length of repayment for student loans.
default	The failure of a borrower either to make an installment payment when it is due or to comply with other terms of the promissory note.
deferment of loan	A period during which the repayment of the principal amount of the loan is suspended as a result of the borrower meeting one of a number of requirements established by law. During this period, Perkins Loan borrowers and most Stafford Loan borrowers will not have to pay interest on the loan. Most students who borrow under the Stafford Loan and SLS programs are entitled to the same authorized deferments; parent PLUS borrowers are entitled to a more limited set of deferments. (Prior to passage of the Higher Education Amendments of 1986, independent undergraduate students were allowed to borrow under the PLUS program. These student borrowers were allowed the same deferments as those offered under the Stafford Loan and SLS programs.)
delinquent borrower	A Stafford Loan borrower who has failed to make an installment payment on its due date.
deobligate	Action by ED to reduce all or part of an institution's authorization for a program. Deobligation usually results from an institution's release of funds that will not be spent during the period for which they were authorized.
Department of Education Payment Management System (ED/PMS)	A financial management and payment system maintained by the Department of Education.
departmental scholarship	An award of gift assistance that is specifically designated for a recipient in a particular department within the school, college, or university. It may or may not be a need-based award.
dependent student	A student who does not satisfy any of the criteria for an **independent student** must be classified as an dependent student for the purposes of federal Title IV financial aid.
dependents	Spouse, children, and other household members for whom the parent or aid applicant provides more than half support.
disbursement	The process by which financial aid funds are made available to students.
discharge due to bankruptcy	Release from a loan obligation by action of a bankruptcy court. For Stafford, SLS, or PLUS loans discharged in bankruptcy, the

Department of Education repays the amount owed by the borrower to the lender or guarantee agency. For Perkins Loans, the Department does not reimburse the institution for cancellation of loans due to bankruptcy.

disclosure statement — A statement sent to the borrower by the lender before or at the time it disburses a loan, as well as at, or prior to, the beginning of the repayment period. The purpose of the disclosures is to provide borrowers with thorough and adequate information about the terms of the loan and the consequences of default, including such provisions as: amount of the loan, interest rate, fee charges, length of the grace period (if any), the maximum length of repayment and the minimum annual repayment, deferment conditions, and the definition of default.

discretionary items — Applicant data items used to determine a student's eligibility for federal financial aid that are not required by the regulations to be verified. It is the financial aid administrator's option to verify, on a student-by-student basis, any or all of these items.

dislocated worker — Generally, a dislocated worker means a person who (a) has been laid off or whose employment has been terminated; (b) has been laid off as the result of the permanent closure of a plant or other facility; *or* (c) was self-employed but is now unemployed because of poor economic conditions in the community or a natural disaster (this includes farmers).

displaced homemaker — Generally, a displaced homemaker means a person who (a) has not worked in the labor force for a substantial number of years (approximately 5 years or more) but has, during those years, worked in the home providing unpaid services for family members; (b) has been dependent on public assistance or on the income of another family member, but is no longer receiving that income, or is receiving public assistance because of dependent children in the home; *and* (c) is unemployed or underemployed and is experiencing difficulty in obtaining or upgrading employment.

Division of Eligibility and Certification (DEC) — A unit of ED responsible for determining the eligibility of educational institutions to participate in Title IV programs.

documentation — Written statements explaining the logic and/or the steps followed which resulted in a specific action taken, given the particular set of circumstances. (See **acceptable documentation**.)

due diligence — Full and timely disclosure to student borrowers of their rights and obligations through personal entrance and exit interviews; and the use of extensive, persistent, and forceful procedures for the making, servicing, and collection of student loans.

edit checks — A series of data tests run by an automated processing system on financial aid applications. These tests look for and report

incomplete or inconsistent data on the application. *Edit checks* (also known as *edits*) are one mechanism used to select applications for verification. Edit checks are also part of the processing of an institution's **FISAP**.

educational benefits — Funds, primarily federal, awarded to certain students--veterans, children of deceased veterans or other deceased wage earners, and students with physical handicaps--to help finance their postsecondary education without regard to financial need.

Eligibility Letter — A letter sent to the institution by ED's Division of Eligibility and Certification that allows the institution to apply for participation in Title IV programs.

eligible institution — An educational institution or vocational school which meets all the criteria for participation in the federal student aid programs and has received an Eligibility Letter and countersigned copy of the Program Participation Agreement. According to General Provisions regulations, the following may be eligible institutions: public or private nonprofit institutions of higher education; proprietary institutions; and postsecondary vocational institutions. According to Stafford Loan regulations, institutions of higher education, vocational schools, and some foreign institutions may be eligible institutions.

eligible noncitizen — A student aid applicant who is not a U.S. citizen, but is eligible to receive Title IV assistance. Conditions which allow noncitizens to be considered for Title IV funds are listed in the *Federal Student Financial Aid Handbook*.

eligible program — A program of education or training which meets the regulatory requirements for participation in the Title IV programs.

employment expense offset — An allowance in the determination of the expected family contribution or Pell eligibility. The allowance can be used to meet additional expenses relating to employment when both parents are employed or when one parent qualifies as a surviving spouse or as head of a household under Section 2 of the Internal Revenue Code.

endorser — An individual who is secondarily liable for a loan obligation.

enrolled — The completion of registration requirements at the institution the student is attending and commencement of the attendance period. A correspondence school student must be accepted for admission and must complete and submit one lesson to be considered enrolled.

enrollment status — At those institutions using semesters, trimesters, quarters, or other academic terms and measuring progress by credit hours, enrollment status equals a student's credit-hour courseload categorized as either full-time, three-quarter time, or half-time. Clock-hour schools and schools using credit hours but not standard terms must

ensure that Pell Grant and Stafford Loan recipients meet the minimum half-time enrollment requirement, but these schools are not required to determine three-quarter or full-time enrollment status.

entrance interview (for the compliance audit)

A meeting prior to the beginning of an audit between the auditor and administrative officials involved in the audit. Operating rules, an agenda, and a schedule for the on-site work are established. A similar interview is conducted by a federal official conducting a program review.

estimated SAI and FC

If a student supplies incomplete data, the ED central processor will not calculate an EFC. However, some processors (ACT, CSS, and PHEAA) may calculate an estimated EFC (SAI and FC). Estimated EFCs may be used only to estimate students' aid packages--disbursements cannot be made based on estimated EFCs. Students can convert estimated EFCs to official EFCs by supplying complete or corrected data to the central processor using Part 2 of the SAR.

estimated student financial assistance

For a Stafford, SLS, or PLUS loan, the estimated amount of assistance for the period the loan is sought that a school is aware a student will be or has been awarded in federal, state, or privately supported scholarship, grant, work or loan programs, including veterans educational and Social Security benefits.

exit counseling/exit interview (student borrower)

Each school participating in the Stafford and Perkins Loan programs must offer special counseling often called "exit counseling." The institution must offer this counseling through exit interviews with individuals or groups of borrowers before they leave school. If students leave the institution before exit counseling is given, the institution must send them the information at their last known address. Exit counseling must include (a) general information on the average indebtedness of students at the institution; (b) a repayment schedule projecting average monthly repayments at the student's interest rate; and (c) a review of options for repayment and management of the debt (loan consolidation, refinancing, etc.).

exit interview (for the compliance audit)

A closing meeting following the completion of the audit between the auditor and administrative officials involved in the audit. General audit findings and conclusions which will be included in the audit report are discussed. A similar interview is conducted by a federal official conducting a program review.

expected disbursement

The sum of all expected Pell Grant payments to a student during an award year.

expected family contribution (EFC)

The figure which indicates how much of a family's financial resources should be available to help pay the expenses of postsecondary education. This figure is determined according to statutory formulas. The Pell Grant program calls the EFC the *Student Aid Index (SAI)*. The Congressional Methodology calls

	the EFC *the Family Contribution (FC)* for the campus-based and Stafford Loan programs.
Family Contribution Schedule (FCS)	A statutory need analysis methodology established by Congress for use in determining a student's expected family contribution (Student Aid Index, or SAI) for Pell Grant purposes. The SAI is used to determine eligibility for a Pell Grant.
Family Financial Statement (FFS)	The input document (financial aid application) in the American College Testing Program's system of need analysis.
family size offset	An allowance in Pell Grant need analysis to meet the basic subsistence expenses of a family, including food, shelter, clothing, and other basic needs. This allowance is based on the number of persons in the household.
federal audit	An audit conducted by an officer of a federal agency such as the Department of Education's Inspector General's Office.
Federal Capital Contribution (FCC)	The portion of a Perkins Loan Fund allocated to an institution by the federal government.
Federal Register	The government publication, published each weekday (except federal holidays), which lists regulations, regulatory amendments, notices, and proposed regulatory changes for all federal executive agencies. The Department of Education sends reprints of excerpts from the *Federal Register* pertaining to student financial aid to all schools participating in Title IV programs.
fees	To be included as an element of the cost of attendance, fees must be mandatory, institution-based charges required as part of a student's program of study and charged to all students.
Final Regulations	Rules published in the *Federal Register*. Final Regulations, which have the force of law, usually take effect 45 days after the date of publication.
financial aid application	The input form completed by an applicant and family for one of the need analysis systems. This type of document is the foundation for all need analysis computations.
financial aid award	An offer of financial or in-kind assistance to a student attending a postsecondary educational institution. This award may be in the form of one or more of the following types of financial aid: a repayable loan, a nonrepayable grant and/or scholarship, or student employment.
Financial Aid Form (FAF)	The input document (financial aid application) in the College Scholarship Service's system of need analysis.

financial aid package	An offer by an educational institution to a student aid applicant of one or more forms of financial aid (loans, grants and/or scholarships, employment).
financial aid packaging	See **packaging**.
Financial Aid Transcript (FAT)	A form used by educational institutions to collect data about Title IV and other financial aid received by a student at other educational institutions.
financial need	The difference between the institution's cost of attendance and the family's ability to pay (the expected family contribution).
fiscal operations	Activities related to the management and completion of financial transactions. The management of funds, including student accounts, is the primary responsibility of an institution's fiscal office.
Fiscal Operations Report and Application to Participate (FISAP)	The Fiscal Operations Report and Application to Participate in the Perkins Loan, SEOG, and CWS programs. The FISAP is filed each fall (by October 1) as a report of program activity for the previous award year and an application for funding to operate campus-based Title IV programs in the upcoming award year, starting July 1.
forbearance	At lender option, permission given for the temporary cessation of payments of Stafford, SLS, or PLUS loans, allowing an extension of time for making payments, or accepting smaller payments than were previously scheduled. Forbearance may be given for circumstances which are not covered by deferment, and is usually given in situations where personal problems, such as hospitalization or short-term unemployment, affect the borrower's ability to meet loan payment obligations.
Form G-641	Application for Verification of Information from the U.S. Immigration and Naturalization Service (INS) records, a form letter which the INS may complete at the student's request. It contains information about the student's citizenship.
forward funding	The appropriation of funds prior to the award year in which they will be disbursed. In Title IV programs, forward funding allows participating institutions to process applications and make awards based on an established funding level.
full data element formula	A formula that uses the full range of data elements in calculating the student's FC under the CM or the SAI under the FCS methodology. Also called the "regular formula."
full-time student	In general, one who is taking a minimum of 12 semester or quarter hours per academic term in institutions with standard academic terms, or 24 clock hours per week in institutions which measure progress in terms of clock hours.

General Education Development Certificate (GED)	A nationally recognized equivalent of a high school diploma, granted after a student has passed a standardized examination.
general institutional eligibility requirements	Regulations governing institutional eligibility to apply for participation in Title IV programs. General eligibility requirements are established by statutory definition and refer to location, student admissions policy, authorization to provide a postsecondary educational program, accreditation, types, lengths, and levels of educational programs within the institution, and the type of control and age of the institution.
gift aid	Those forms of financial aid which require neither repayment nor that work be performed.
grace period	The period of time that begins when a loan recipient ceases to be at least a half-time student and ends when the repayment period starts. The loan principal and interest need not be paid by the student during the grace period.
grant (programs)	Gift aid programs which require neither repayment nor that work be performed. Federal Title IV grant programs include the Pell Grant, SSIG, and SEOG.
gross need	The difference between a student's cost of attendance (student budget) and the family's expected contribution from income and assets.
guarantee agency	A state agency or private, nonprofit institution or organization which administers the Stafford Loan, SLS, and PLUS programs.
guarantee fee	An insurance fee charged the lender by the guarantee agency. The fee is usually passed on to the student or borrower. In most cases, the lender reduces the amount of the loan check by this amount.
Guaranteed Student Loan (GSL)	See **Stafford Loan**.
half-time student	For the Stafford Loan, SLS, and PLUS programs, a student who is carrying a half-time academic workload as determined by the school, which amounts to at least one-half the workload of a full-time student. For the remaining Title IV programs, an enrolled student carrying a half-time academic workload as determined by the institution, generally equalling or exceeding the following minimum requirements: (a) 6 semester, trimester, or quarter hours per academic term; (b) 12 clock hours per week for institutions using clock-hour measurement; (c) 12 semester hours or 18 quarter hours per academic year; or (d) enrollment in an eligible program of correspondence study requiring at least 12 hours of preparation per week.

hand calculation — On-campus calculation (manual or by computer program) of the FC or SAI, in contrast to calculation by a service agency or outside processor.

incarcerated students — Students who have been institutionalized by a court order.

independent audit — An audit conducted by a certified public accountant hired by the institution and external to the institution.

independent student — To be classified as an independent student for federal Title IV financial aid, a student must be an individual who (a) is at least 24 years old by December 31 of the award year for which aid is sought; (b) is an orphan or ward of the court; (c) is a veteran of the Armed Forces of the United States; (d) has legal dependents other than a spouse (for example, dependent children or an elderly dependent parent); (e) is a graduate or professional student who will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year (for example, calendar year 1988 for award year 1988-89); (f) is married and will not be claimed as an income tax exemption by his or her parents or guardian for the first calendar year of the award year; or (g) is a single undergraduate student with no dependents who was not claimed as a dependent by his or her parents or guardian for the two calendar years preceding the award year, and who demonstrates total self-sufficiency for those two years as evidenced by annual total resources, (taxed and untaxed), of at least $4,000 in each of those years (for example, calendar years 1986 and 1987 for award year 1988-89). A student may also be determined to be an independent student on the basis of unusual circumstances documented by the aid administrator.

Information Summary — Part 1 of the Student Aid Report (SAR), this informs students of their eligibility for a Pell Grant. Also included in Part 1 is the FC produced by the Congressional Methodology. The Information Summary becomes a part of the student's financial aid file.

institution of higher education — A public or private nonprofit educational institution located in a state, which (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, in the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides a program leading to an associate, baccalaureate, graduate, or professional degree, or at least a 2-year program that is acceptable for full credit toward a bachelor's degree, or at least a 1-year training program that leads to a degree or certificate and prepares students for gainful employment in a recognized occupation; (d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code;

and (e) is accredited or preaccredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state, or is an institution whose credits the Secretary determines to be accepted on transfer by at least three accredited institutions on the same basis as transfer credits from accredited institutions. Note: An institution of higher education is eligible for all Title IV programs. Note: A student attending an institution of higher education that only participates in the Stafford Loan, SLS, and PLUS programs would not have to demonstrate the ability to benefit. (See definitions for **proprietary institution of higher education, vocational school,** and **postsecondary vocational institution.**)

Institutional Capital Contribution (ICC) — The portion of the Perkins Loan Fund contributed by the institution. This amount must be equal to at least one-ninth of the federal capital contribution.

institutional liability — Financial penalties or repayment that must be paid to the Department of Education as a result of incorrect institutional action.

Institutional Payment Summary (IPS) — A transmittal form which accompanies each individual batch of institutionally completed Pell Grant Payment Documents. The IPS must be submitted at least once in each quarter, even if it is not accompanied by Payment Documents.

interest benefits — Interest payments made by the Secretary of Education to a lender on behalf of an eligible Stafford Loan borrower. These payments are made by ED at the student's Stafford Loan interest rate only during certain periods: during the student's enrollment (at least half-time), the grace period, and any deferment periods. Interest benefits are not paid on SLS or PLUS loans.

interim disbursement — The single allowable disbursement made to a student who has not completed the verification process. The institution is responsible for recovery of payment if the student does not complete the verification process or if the amount for which the student is eligible changes as a result of verification.

Interim Final Regulations — Regulations, published in the *Federal Register*, which have the effect of law when published. Interim Final Regulations may appear when there is need for quick action in response to passage of new legislation. In addition, an NPRM may elicit comments which raise further policy questions. In this situation, the Secretary may issue Interim Final Regulations, pending further policy review.

IPS Batch Report — A report which notifies the institution that ED has completed processing of its IPS submission and summarizes the processing of the batch. It also gives the net adjustment ED made to the

	payment data and alerts the institution to differences between its records and the data accepted by ED; any differences must be reconciled.
legislative amendment	An alteration (revision or change) in a legislative measure, made by formally adding, deleting, or rephrasing the text of the law.
loan	An advance of funds which is evidenced by a promissory note requiring the recipient to repay the specified amount(s) under prescribed conditions.
Master Calendar	To assure adequate notification and timely delivery of Title IV aid, ED operates by a Master Calendar. This calendar gives specific dates by which federal and Multiple Data Entry forms will be developed and distributed and campus-based and Pell Grant funds will be allocated for an award year.
matching (fund) requirement	The requirement that a portion of student aid program funds be contributed by the institution. For Title IV campus-based programs, institutions must contribute an amount equal to one-ninth of the federal contribution to the Perkins Loan Fund and, for the 1988-89 award year, at least 20% of the CWS funds.
Multiple Data Entry (MDE)	The mechanism which allows for the incorporation and transmission of Title IV data elements through various approved need analysis data collection documents so that applicants can apply for both the Pell Grant and other financial assistance by completing one form. The MDE processor transmits the data to the federal processing center, and students receive their eligibility notifications for a Pell Grant from the Pell central processor.
nationally recognized accrediting agency	An accrediting agency or association which the Secretary of Education determines to be a reliable authority on the quality or association of training offered by educational institutions. The agency grants institutions accreditation status. (See **accrediting agency**.)
need analysis	A process used to determine a student applicant's need for financial assistance to help meet his/her educational Cost of Attendance.
need analysis report	The output document resulting from one of the financial aid application forms used to calculate the Congressional Methodology family contribution (FC) or the Pell Grant Student Aid Index (SAI). The most common need analysis reports are the federal Student Aid Report (SAR), the College Scholarship Service's FAFNAR, and the American College Testing Program's CFAR.
need analysis servicer (NAS)	A servicer that produces EFCs for student applicants. See **certified need analysis system**.

need-based assistance	Any form of financial aid awarded on the basis of demonstrated financial need.
neophyte	In these materials, we use the term to refer to financial aid administrators whose experience is 2 years or less in the field.
Notice of Proposed Rulemaking (NPRM)	Notification in the *Federal Register* of a new regulation proposed by a governmental agency such as the Department of Education. This Notice begins the comment period which is usually 45 or 60 days, but may range from 30 to 120 days.
off-campus agency match	The payment of the matching fund requirement (for CWS student wages) by the external agency that is employing the student(s).
offsets	See **allowances**.
one-year program	A program consisting of at least 24 semester/trimester hours or 36 quarter hours at institutions using credit hours to measure progress; 900 clock hours of supervised training at an institution using clock hours to measure progress; or 900 clock hours of preparation in a correspondence program.
origination fee	A processing fee calculated on the amount borrowed for a Stafford Loan and charged to the student by the lender. This fee (like the guarantee fee) is usually subtracted from the amount of the student loan proceeds.
overaward	The condition which exists when an institution provides financial assistance to a student which, in combination with all of the resources made available to that student from federal and nonfederal sources, exceeds the difference between the student's Cost of Attendance and the expected family contribution. While the above defines an overaward, an institution is not in violation of campus-based program regulations which prohibit overawards if: (a) the student receives funds after the institution awards aid and the total resources exceed his/her financial need by $200 or less; or (b) the student earns more money from employment than the institution anticipated when it made the award and it treats the earnings in accordance with program requirements.
overpayment	Any amount paid to a student in excess of the amount which the student is entitled to receive. This situation may arise due to a change in enrollment status, withdrawal, or a change in financial situation. In any of these instances, the student would be required to repay excess funds received unless adjustments could be made to the student's aid during subsequent payment periods within the same award year.
packaging	The process of assembling one or more financial aid awards of loans, grants and/or scholarships, and employment for students.

parents' contribution	A quantitative estimate, according to the approved need analysis methodologies, of the parents' ability to contribute to postsecondary educational expenses.
Payment and Disbursement Schedules	Tables showing the Scheduled Pell Grant amounts in an award year for full-time, three-quarter-time, and half-time students. Tables are updated annually based on family contribution, cost of attendance, and the amount of funds available for making Pell Grants.
Payment Document (Pell Grant)	Part 3 of the Student Aid Report (SAR). A machine-readable form that must be coded with an individual student's payment data at the institution before submission to ED.
payment period	An institutionally defined length of time for which financial aid funds will be paid to a student. For programs using academic terms, the payment period is the term itself. For programs not using academic terms, institutions must designate at least two payment periods within an academic year.
Pell Grant	A grant program for undergraduate students who have not yet completed a first baccalaureate course of study. It is designed to assist students with the least ability to contribute towards their basic educational expenses. If a student applies, meets all eligibility criteria, and is enrolled in an eligible program at an eligible institution, he or she will receive a Pell Grant. Formerly Basic Educational Opportunity Grant (BEOG), renamed for Senator Claiborne Pell, originator of the legislation.
Pell Grant disbursement	The payment to an eligible student of his or her Pell Grant for a payment period. The payment is based on submission of a valid SAR to an eligible institution.
Pell Electronic Data Exchange	A Department of Education project that enables postsecondary institutions to transmit and receive Pell Grant information electronically via a telecommunications network.
Pell Grant Family Contribution Schedule	See **Family Contribution Schedule**.
Pell Grant Payment Schedule	A chart published annually by the Secretary of Education. It enables the financial aid administrator to relate the full-time cost of attendance to the Pell Grant Student Aid Index, in order to determine the student's scheduled Pell Grant award.
Pell processor (central processor)	A contractor for the Department of Education that processes all Pell Grant student application data, calculating the Pell Grant SAI and Congressional Methodology FC. The student sends income and personal data and receives a Student Aid Report (SAR) which notifies him or her of Pell Grant eligibility. Filing an application

	with the central processor or a Multiple Data Entry processor is the first step for all students in the federal financial aid application process. The Pell processor is also known as the central processor or federal processor.
Perkins Loan	A campus-based Title IV loan program, formerly called the National Direct Student Loan (NDSL) program.
postsecondary institution	An educational institution providing education beyond the high school level. The term is used to refer to trade and technical schools as well as colleges and universities.
postsecondary vocational institution	An educational institution that (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides at least a 6-month program, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation; (d) is a public institution or a private nonprofit institution to which contributions are tax deductible under section 501(c)(3) of the Internal Revenue Code; (e) is accredited or preaccredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state, or is an institution whose credits the Secretary determines to be accepted on transfer by at least three accredited institutions on the same basis as transfer credits from accredited institutions; and (f) has been giving instruction for at least 2 years. (See definition for **vocational school**.)
primary SAI and FC	If a student who qualifies for the Simplified Needs Test fills out the Supplemental Information page on the AFSA or supplies complete information on an MDE application, the processor will calculate *primary and secondary* EFCs. (a) The *primary* SAI appears in the upper right-hand corner on Parts 1 and 2 of the SAR. The primary FC appears in the lower right-hand corner. If the applicant qualified for the Simplified Needs Test, the primary EFC (SAI and FC) will be from the simplified formula. (b) The *secondary* SAI and FC, if any, will appear in the heading of the "School Use" box on Part 2 of the SAR. A secondary EFC is calculated with the full formula if the applicant qualified for the Simplified Needs Test but also provided enough information for the full data element (regular) formula. (c) In awarding aid, the aid administrator may use either the primary or the secondary SAI, and either the primary or the secondary FC.

principal and interest	Principal refers to the loan amount borrowed; interest refers to the amount charged for the use of the money over a period of years. Interest is usually stated as a percent.
processed payment document	The document ED returns to the institution that reflects the status of previously reported payment data: accepted fully, accepted with assumptions, or rejected.
program authorization	See **authorization (spending)**.
Program Participation Agreement	A written agreement that institutions and the Secretary of Education must sign. It permits the institution to participate in one or more of the Title IV student assistance programs, other than the State Student Incentive Grant (SSIG) program. This agreement makes the initial and continued eligibility of the institution to participate in the Title IV student assistance programs conditional upon compliance with the provisions of the applicable laws and program regulations.
program review	The process in which the activities of one or more of the financial aid programs of an institution are reviewed by the Department of Education to assess compliance with federal law and regulations and institutional policy. The review may also include a review of management and administrative capabilities.
program review exceptions	Those institutional policies, procedures, or actions relative to student financial aid programs which have been cited in a program review report as being contrary to the laws or regulations governing such programs.
promissory note	The legal document the borrower signs when obtaining a loan. It lists the conditions under which the loan is made and the terms under which the borrower agrees to pay back the loan.
proprietary institution of higher education	An educational institution other than a public or private nonprofit institution located in a state which (a) admits as regular students only persons with a high school diploma or its recognized equivalent, or persons beyond the age of compulsory school attendance in the state where the institution is located who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a postsecondary educational program; (c) provides at least a 6-month program of training, leading to a degree or certificate, that prepares students for gainful employment in a recognized occupation; (d) is accredited by a nationally recognized accrediting agency or association; and (e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least 2 years. (See also **vocational school, postsecondary vocational institution,** and **institution of higher education**.)

quality assurance	The periodic verification, audit, or evaluation of a quality control system by an independent third party to ensure that it is adequate and effective.
quality control	A process by which the institution establishes a system for checking the overall quality and accuracy of its campus-wide student aid administration.
quarter	A standard *academic term*, usually 10-12 weeks in length. At institutions using quarters to measure student progress, an academic year is defined as the period of time a full-time student is expected to complete the equivalent of three quarters. (For *fiscal reporting*, the quarters in the Title IV award year are July through September, October through December, January through March, and April through June.)
reauthorization	The legislative process, generally carried on every 4 to 5 years in the case of the Higher Education Act, whereby Congress reviews and either renews, terminates, or amends existing programs.
Recipient Data Exchange (RDE)	A procedure for transmitting Pell Grant payment data between an institution and the Department of Education via machine-readable magnetic tape handled by computer systems.
refund	A refund by an institution means the amount paid for *institutional* charges for a payment period *minus* the amount retained by the institution for the portion of the payment period that the student was actually enrolled at the institution.
refund policy	The policy which determines the conditions under which a student is entitled to a refund of payments.
regular student	A person who is enrolled or accepted for enrollment at a postsecondary institution for the purpose of obtaining a degree or certificate.
repayment on a grant	The amount due from a student to federal student aid fund accounts owing to a change in enrollment status, total withdrawal, or change in financial situation. This may be a partial or total repayment of Pell Grant, SEOG, or SSIG funds and may take the form of (b) an adjustment to a student's account to recover grant funds previously credited or (b) a direct repayment from the student for funds disbursed for living and other education-related expenses.
repayment period	The period during which the borrower (student or parent) repays a loan.
repayment schedule	A plan which sets forth the principal and interest due in each installment and the number of payments required to pay the loan in full. Additionally, it should include the interest rate, the due date of the first payment, and the frequency of payments.

rescission	The act of repealing a previous appropriation.
resident student	A student who does not live at home (with parents or guardian) during the academic year. An on-campus resident is one who lives in housing facilities owned and/or maintained by the institution.
resources	For purposes of determining awards and overpayments in the campus-based programs, resources include, but are not limited to, (a) any funds the student is entitled to receive from a Pell Grant, regardless of whether the student applies for it; (b) waiver of tuition and fees; (c) scholarship or grant, including an SEOG or athletic scholarship; (d) fellowship or assistantship; (e) insurance programs for the student's education; (f) SLS, PLUS, state-sponsored, or private loan proceeds not used as a substitute for the EFC; (g) long-term loans, including Perkins Loans but excluding Stafford Loans, SLS, and PLUS, made by the institution; (h) net earnings from need-based employment ("net earnings" means gross earnings minus taxes and job related costs); and (i) veterans and Social Security benefits (except that part included in the calculation of the student's EFC).
room	Cost of on-campus residential or off-campus housing.
satisfactory academic progress	Regulations require that a student be making satisfactory academic progress to receive Title IV aid. Satisfactory academic progress is a term used to describe a satisfactory rate of course completion. To monitor academic progress, institutions must develop policies which satisfy federal requirements set forth in the General Provisions Regulations of December 1, 1987. The Higher Education Amendments of 1986 prescribe additional specific standards of satisfactory progress that must be met by students who have not received Title IV assistance prior to the 1987-88 award year. The institution must evaluate each student's satisfactory academic progress according to its policies and procedures and document the results of the review.
Scheduled Pell Grant (Scheduled Award)	The amount of a Pell Grant which would be paid to a full-time student for a full academic year. The Scheduled Award is based on the Student Aid Index and the total allowable cost of attendance and is determined from the Payment Schedule.
scholarship	A form of financial assistance which does not require repayment or employment. A "merit-based" scholarship may be made to a student who demonstrates or shows potential for distinction, usually in academic performance, at the institution. The term is also frequently used to refer to need-based state grant ("state scholarship") programs. Scholarships may require both academic proficiency and demonstrated financial need.
secondary markets	A means through which holders of loan notes sell them to a third party, such as the Student Loan Marketing Association (SLMA, or

	"Sallie Mae") or another lending institution, for the face value of the loan portfolio or other negotiated price. Once sold, the secondary market has total responsibility for the future servicing and repayment of the loan. In addition to Sallie Mae, which is chartered by Congress, there are 30 secondary markets operating at the state or regional level, as well as a number of commercial lenders who also purchase loans.
secondary SAI and FC	See **primary SAI and FC**.
self-help (programs)	Funds from work and loan sources. Title IV self-help programs include College Work-Study, Perkins Loan, Stafford Loan, SLS, and PLUS.
self-help expectation	The principle that a student has an obligation to help pay for a portion of his or her education. A standard self-help expectation is frequently computed in the analysis of student resources.
separation of functions	In administering federal student aid programs, an institution must establish and maintain an internal control system of checks and balances that ensures that no office can both authorize payments and disburse funds to students.
simplified needs test formula	A statutory formula that uses a limited number of data elements in calculating a student's EFC under the CM and FCS.
six-month program	A program consisting of at least 16 semester or trimester hours or 24 quarter hours at institutions using credit hours to measure progress; 600 clock hours of supervised training at an institution using clock hours to measure progress; or 600 clock hours of preparation in a correspondence program; or a program that the Secretary determines to be a six-month program if the Secretary agrees with a certification by the institution's nationally recognized accrediting agency or association that the program is equivalent in course content and student workload to the comparable six-month credit hour or clock hour program.
skiptracing	When a borrower no longer resides at the address to which a lender or school is sending billing notices, the lender or school must attempt to find a correct address. They may use any information obtained from the borrower while the borrower was at the institution, or information from such offices as the registrar's office or the alumni office. If a borrower cannot be located with information available at the institution or otherwise available to the lender, the lender or school must use the Department of Education's free skiptracing service.
source document	In the construction of student budgets, original supporting data for any expense item; back-up material for decisions reached.

special allowance	A percentage of the average unpaid principal balance, paid to a lender by the Secretary of Education on an eligible Stafford, SLS, or PLUS program loan. In effect, ED is paying extra interest on the loan in addition to interest paid by the student or parents. This subsidy makes up the difference between the rates charged to Stafford/SLS/PLUS borrowers and the market interest rates. The amount of the special allowance is set by a statutory formula related to 91-day Treasury Bill rates.
Stafford Loan	The student loan program authorized by Title IV-B of the Higher Education Act of 1965. It is the largest source of low interest loans administered by the Department of Education. The source of funds is private capital (e.g. banks, savings and loan associations, credit unions, and similar types of lending institutions). Schools, state agencies, and private nonprofit agencies may also qualify as lenders. The Stafford Loan program was called the Guaranteed Student Loan (GSL) program prior to July 1988.
standard maintenance allowance	An allowance against income for the basic costs of maintaining family members in the home. The allowance is based upon consumption and other cost estimates of the Bureau of Labor Statistics for a family at the low standard of living.
Statement of Account (SOA)	A statement originating from the Department of Education which sets the authorization level for the Pell Grant program and projects future adjustments to the institution's payments.
Statement of Educational Purpose	The student must sign this statement in order to receive federal student aid. By signing, the student agrees to use the Title IV student aid solely for education expenses. The 1988-89 SAR contains such a statement. The student must sign the statement on the SAR or a similar statement prepared by the student's school, and the statement included on a Stafford or SLS loan application.
Student Aid Index (SAI)	The numeric value reported on the Student Aid Report (SAR) that indicates the expected family contribution for the Pell Grant program obtained by performing the Family Contribution Schedule Methodology of need analysis.
Student Aid Report (SAR)	The official 3-part notification of the results of processing the student's Pell Grant application that is sent directly to the student by the central processor. The report shows the Student Aid Index (SAI). All three parts of the SAR must be submitted by an eligible student to the financial aid office at the institution for the student to receive payment under the Pell Grant program.
student budget	See **cost of attendance**.
Student Confirmation Report	The report (in printed or magnetic tape format), usually sent to educational institutions twice per year, which lists all Stafford Loan borrowers from that institution presumed to be currently

	enrolled. The institution is required to provide certain enrollment status information about each borrower. The report is used to assist the lenders in monitoring enrollment status of student borrowers for repayment purposes.
student contribution	The amount the student is expected to contribute toward educational costs from base year income (taxed and untaxed), assets, and other resources. This is based on an analysis of income (taxes and untaxed) and assets with allowances provided for both to ensure that the student can meet necessary expenses.
Student Payment Summary	ED-generated listing of Pell Grant applicants and award information for each student retained in ED's records. The summary is sent to the institution at mid-year and at the end of the processing year.
subsidized loan	A loan supported with funds paid by the government to the lender. In the Stafford Loan program, the government makes interest payments on behalf of the student borrower during at least half-time enrollment and approved grace or deferment periods.
supplemental appropriations	Appropriation measures passed by Congress and signed by the President after the regular appropriation to meet unanticipated expenses, to fund new authorities, or to expand existing funding.
Supplemental Loans for Students (SLS)	SLS is a Title IV student financial assistance program that provides loans to students who do not meet the need criteria for a Stafford Loan, or who qualify for further assistance beyond the funds available to them through the Stafford Loan program. An SLS loan may be substituted for all or part of the expected family contribution and is referred to as "non-need-based." SLS loans may be borrowed by graduate, professional, and independent undergraduate students and, under certain conditions, by dependent undergraduate students.
taxable income	Income earned from wages, salaries, tips, as well as interest income, dividends, alimony, estate or trust income, business or farm profits, and rental or property income. These types of income are usually reported on an IRS tax form.
term-based schools	Institutions which measure academic programs in terms--quarters, trimesters, or semesters--and students earn credit hours.
Title IV student financial aid	Federal student financial aid programs for students attending postsecondary institutions. These programs are authorized under Title IV of the Higher Education Act of 1965, as amended, and administered by the Department of Education. The programs include Pell Grants, Supplemental Educational Opportunity Grants, College Work-Study, Perkins Loans, Stafford Loans, SLS Loans, PLUS Loans, and State Student Incentive Grants.

tolerance levels	As the term relates to verification, the allowed limit of error (the sum of the absolute change in dollar values) within which recalculation and/or reprocessing is not required. For changes greater than or equal to the tolerance levels, the EFC must be recalculated using the correct data.
transfer of funds	The transfer of an allowable percentage of the allocations between the CWS and SEOG programs, as permitted by statute.
U.S. Code (U.S.C.)	The federal government's compilation of public laws.
undergraduate	In Pell Grant and SEOG terminology, an undergraduate is a postsecondary student who does not have a baccalaureate or first professional degree.
underutilization	Awarding a total amount of funds to eligible students in an award year that is less than the institution's authorized level of funding.
underemployed	Working part-time, even though full-time employment is desired, because work is slack or only part-time work is available.
unemployed	Not working this week but available for work and having made specific efforts to get a job sometime during the last four weeks.
Uniform Methodology (U.M.)	A method for determining a student and/or family's ability to pay for postsecondary education, used by the major need analysis services and many institutions and state agencies. This methodology may not be used to award Title IV funds after June 30, 1988.
unmet need	The difference between the sum of a student's total available resources and expected family contribution (EFC) and the total cost for the student's attendance at a specific institution.
untaxed income	Income received that is not taxed. Examples of such income are Social Security benefits, welfare benefits, interest on tax-free bonds, some unemployment compensation, military and other subsistence and quarters allowances.
update requirement	Required notification to ED of a change in the information originally reported on an aid application. Updates are required for changes in household size, number of family members in postsecondary education, and dependency status, because these items, if changed, may cause a significant change in a student's EFC.
validation	See **verification**. Validation was the term used prior to the 1986-87 award year. The procedures applied only to Pell Grant applicants. Verification is the current term used, and it applies to all need-based Title IV financial aid programs.

verification — Technical and administrative procedures for detecting and resolving inaccuracies in the data that a student has given when applying for federal financial aid. ED publishes a *Verification Guide* each year setting forth guidelines and procedures.

verification items — Specific applicant (and family) information which must be checked for accuracy in the verification process. Verification may also extend to other items at the discretion of the aid administrator. These may include home value and other assets.

Verification Worksheet — A form issued by the central processor to students who applied using the Application for Federal Student Assistance and who were selected for verification. The ED worksheet provides instructions to the applicant concerning additional documents that the applicant needs to provide to complete verification. (MDE processors and NAS agencies generally have a version of ED's worksheet that is used for the same purpose.)

vocational school — A business or trade school, technical institution, or other technical or vocational school, which may be public, nonprofit, or for profit, in a state, and which (a) admits as regular students only persons who have completed or left elementary or secondary school and who have the ability to benefit from the training offered; (b) is legally authorized, by the state where it offers postsecondary education, to provide a program of postsecondary vocational or technical education; (c) provides a postsecondary educational program that is designed to provide occupational skills more advanced than those generally offered at the high school level, that prepares students for gainful employment in a recognized occupation, and that is no less than 300 clock hours of supervised training at an institution using clock hours to measure progress or 8 semester or trimester or 12 quarter hours at an institution using credit hours to measure progress. (Correspondence programs must require an average of at least 12 hours of preparation per week over each 12-week period and completion of a program in not less than 6 months.); (d) is accredited by a nationally recognized accrediting agency or association, or is a public postsecondary vocational institution approved by a state agency listed by the Department of Education as a reliable authority on the quality of public postsecondary vocational education in that state; and (e) has been giving postsecondary instruction (and has been legally authorized to give postsecondary instruction) for at least 2 years. Note: A vocational school is eligible for the Stafford Loan, SLS, and PLUS programs only. Note: In the case of a flight school program, the school must maintain current valid certification by the Federal Aviation Administration. (See definition for **postsecondary vocational institution**.)

COURSE ACRONYMS

AAI	Adjusted Available Income.
ACA	Administrative Cost Allowance.
ACH/EFT	Automated Clearing House/Electronic Fund Transfer System.
ACT	American College Testing program.
ADS	Alternate Disbursement System. Formerly a distribution system for Pell Grant funds, no longer in use.
AFSA	Application for Federal Student Aid.
AGI	Adjusted Gross Income.
AICS	The Association of Independent Colleges and Schools.
ALAS	Auxiliary Loans to Assist Students. This was a legislative title for the PLUS program from 1981 to October, 1986. However, the program continued to be referred to as PLUS. The title became obsolete after the Higher Education Amendments of 1986 became law.
ATI	Available Taxable Income.
BEOG	Basic Educational Opportunity Grant, renamed Pell Grant in 1980.
CBO	Congressional Budget Office.
CEEB	College Entrance Examination Board. Former name of the College Board.
CEO	Chief Executive Officer.
CFAR	Comprehensive Financial Aid Report. The FFS need analysis report that is sent directly to the school(s) specified by the student. (The student receives a different version--an information summary called the FFS Confirmation Report.)
CFR	Code of Federal Regulations.
CM	Congressional Methodology.
COA	Cost of Attendance.
COHEAO	Coalition of Higher Education Assistance Organizations.
CSL	Community Service Learning program.

CSLJLD	Community Service Learning Job Location and Development program.
CSS	College Scholarship Service.
CTI	Contribution from Taxable Income.
CWS	College Work-Study program, the campus-based Title IV employment program.
DCMAS	Debt Collection and Management Assistance Service (in the Department of Education).
DEC	Division of Eligibility and Certification (in the Department of Education).
ED	U.S. Department of Education. Formerly called the Office of Education, under the Department of Health, Education, and Welfare (DHEW). The Department of Education was established in 1980, and DHEW has been renamed the Department of Health and Human Services.
ED/PMS	Department of Education Payment Management System.
EFC	Expected Family Contribution.
EOG	Educational Opportunity Grant, renamed Supplemental Educational Opportunity Grant in 1972.
FAA	Financial Aid Administrator.
FAF	Financial Aid Form.
FAFNAR	Financial Aid Form Need Analysis Report.
FAT	Financial Aid Transcript.
FC	Family Contribution (calculated with the Congressional Methodology).
FCC	Federal Capital Contribution.
FCS	Family Contribution Schedule (a methodology that calculates the Student Aid Index, SAI, for the Pell Grant program).
FFS	Family Financial Statement.
FISAP	The Fiscal Operations Report and Application to Participate in the Perkins Loan, SEOG, and CWS programs.
FMS	Financial Management Section.
FY	Fiscal year; a period of 12 months.

NHSC	National Home Study Council.
NPRM	Notice of proposed rulemaking; announcement in the *Federal Register* of proposed new regulations, with explanation and specified period during which public comment is invited.
OSFA	Office of Student Financial Assistance (in the Department of Education).
PEDE	Pell Electronic Data Exchange.
PHEAA	Pennsylvania Higher Education Assistance Agency.
PLUS	Parent Loans for Undergraduate Students. A Title IV program which now provides financial aid to parents only for their dependent students. Prior to the Higher Education Amendments of 1986, independent students were also allowed to borrow under the PLUS program.
QC	Quality Control.
RDE	Recipient Data Exchange.
SAI	Student Aid Index.
SAR	Student Aid Report.
SEOG	Supplemental Educational Opportunity Grant program. The campus-based Title IV grant program.
SLMA	Student Loan Marketing Association, also called "Sallie Mae."
SLS	Supplemental Loans for Students. A Title IV financial aid loan program for graduate, professional, and independent undergraduate students.
SOA	Statement of Account.
TRIO	The special programs for students from disadvantaged backgrounds, including Educational Opportunity Centers, Talent Search, Upward Bound, and Student Support Services.
U.M.	Uniform Methodology.
VA	Veterans Administration.

GAPSFAS	Graduate and Professional School Financial Aid Service.
GED	General Education Development Certificate.
GPA	Grade Point Average.
GSL	Guaranteed Student Loan program--the former name of the Stafford Loan program.
HHS	U.S. Department of Health and Human Services.
ICC	Institutional Capital Contribution.
ILCB	Institution and Lender Certification Branch.
INS	U.S. Immigration and Naturalization Service.
IPEDS	Integrated Postsecondary Education Data System, an annual report to ED filed by the institution. This new system was preceded by the Higher Education General Information Survey or HEGIS.
IPS	Institutional Payment Summary (for Pell Grants).
IRA	Individual Retirement Account.
ISSC	Illinois State Scholarship Commission.
JLD	Job Location and Development program.
JTPA	Job Training Partnership Act.
MDE	Multiple Data Entry.
MISAA	Middle Income Student Assistance Act of 1978.
NAACS	National Association of Accredited Cosmetology Schools.
NACCAS	National Accrediting Commission of Cosmetology Arts and Sciences.
NACUBO	National Association of College and University Business Officers.
NAS	Need Analysis Servicer *or* Need Analysis System.
NASFAA	National Association of Student Financial Aid Administrators.
NATTS	National Association of Trade and Technical Schools.
NDSL	National Direct Student Loan program. This campus-based Title IV loan program was renamed the Perkins Loan program in the Higher Education Amendments of 1986.

COURSE KEY RESOURCES

The following publications are considered essential tools for the financial aid administrator:

U.S. Department of Education, Office of Student Financial Assistance, *The Blue Book: Accounting, Recordkeeping, and Reporting by Postsecondary Educational Institutions for Federally-Funded Student Financial Aid Programs*, Washington, D.C., OSFA/ED, 1988 (available November 1988).

--------, *Current Title IV Regulations*, Washington, D.C., OSFA/ED, 1988.

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American College Testing Program, *Handbook for Financial Aid Administrators 1988-89 Academic Year*, Iowa City, IA, ACT, 1988.

The American Legion, *Need a Lift?* Indianapolis, IN, National Emblem Sales, 1988.

College Scholarship Service, *CSS Manual for Student Aid Administrators: 1988-89 Policies and Procedures*, New York, NY, The College Board, 1988.

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National Association of Student Financial Aid Administrators, *Audits and Program Reviews*, Special Report Number 6, Washington, D.C., NASFAA, 1983.

--------, *Constructing Student Expense Budgets*, NASFAA Monograph Series, Number 8, Washington, D.C., NASFAA, 1988.

--------, *Encyclopedia of Student Financial Aid*, Washington, D.C., NASFAA, 1988.

--------, *Institutional Guide for Financial Aid Self-Evaluation (Ninth Edition)*, Washington, D.C., NASFAA, 1988.

--------, *Loan Counseling: Requirements and Good Practices*, NASFAA Monograph Series, Number 6, Washington, D.C., NASFAA, 1987.

--------, *On Choosing, Using, and Appraising a Student Financial Aid Consultant*, Washington, D.C., NASFAA.

--------, *Professional Judgment in Need Analysis*, NASFAA Monograph Series, Number 7, Washington, D.C., NASFAA, 1987.

--------, *Loan Counseling: Requirements and Good Practices*, NASFAA Monograph Series, Number 6,Washington, D.C., NASFAA, 1987.

--------, *Stages in the Development of a Financial Counseling and Debt Management Model*, NASFAA Monograph Series, Number 5, Washington, D.C., NASFAA, 1984.

--------, *Standards for the Verification of Information to Determine Financial Aid Eligibility*, NASFAA Monograph Series, Number 4, Washington, D.C., NASFAA, 1984.

--------, *Updated Version: A Guide to the Development of a Manual of Institutional Financial Aid Policies and Procedures*, Special Report Number 11, Washington, D.C., NASFAA, 1985.

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National Association of Student Financial Aid Administrators, *NASFAA Annotated Bibliography of Literature on Student Financial Aid, Volume 1: 1977-85; Volume 2: 1986-87,* Washington, D.C., NASFAA, 1987, 1988.

ADDRESSES OF PUBLISHERS AND ASSOCIATIONS

For information on obtaining Department of Education publications:

- call the Federal Student Information Center at:

  800-333-4636

- or write to:

  Division of Training and Dissemination
  Office of Student Financial Assistance
  U.S. Department of Education
  400 Maryland Avenue, S.W.
  Washington, D.C. 20202.

Associations and Other Publishers

American College Testing Program
2201 North Dodge Street, P.O. Box 168
Iowa City, Iowa 52243

The Association of Independent Colleges and Schools (AICS)
1 Dupont Circle, N.W., Suite 350
Washington, D.C. 20036

College Board Publications
Box 886
New York, New York 10101

National Association of Accredited Cosmetology Schools (NAACS)
5201 Leesburg Pike, Suite 205
Falls Church, VA 22041

National Accrediting Commission of Cosmetology Arts and Sciences (NACCAS)
1333 H Street, N.W., Suite 710
Washington, D.C. 20005

National Association of College and University Business Officers (NACUBO)
1 Dupont Circle, N.W.
Washington, D.C. 20036

National Association of Student Financial Aid Administrators (NASFAA)
1920 L Street, N.W., Suite 200
Washington, D.C. 20036

National Association of Trade and Technical Schools (NATTS)
2251 Wisconsin Avenue, N.W.
Washington, D.C. 20007

National Home Study Council (NHSC)
1601 18th Street, N.W.
Washington, D.C. 20009

Pennsylvania Higher Education Assistance Agency (PHEAA)
660 Boas Street
Harrisburg, Pennsylvania 17102-1398

Key to reference system:
5 Appendix D — Module 5, Appendix D
6.1.3 — Module 6, Section 1, Subsection 3
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